



**U.S. Department of Justice
U.S. Attorney's Office
Western District of Texas**

Johnny Sutton, U.S. Attorney

FOR IMMEDIATE RELEASE

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**FORMER CREDIT UNION EMPLOYEE PLEADS GUILTY TO FEDERAL
FRAUD AND MONEY LAUNDERING CHARGES**

United States Attorney Johnny Sutton announced today that 53-year-old Larry Vernon Cotton of Midland, Texas, appeared in federal court and pled guilty to defrauding the Midland Teacher's Credit Union of more than \$135,000.

Cotton pled guilty to an Information charging him with one count each of credit union fraud and money laundering. As a result of his plea, Cotton faces up to 50 years in federal prison and a maximum \$1.5 million fine.

From August 1993 until March 2003, Cotton oversaw the lending process at Midland Teacher's Credit Union including having the discretion to initiate and authorize loans on behalf of the financial institution. From November 1995 until March 2003, Cotton funneled monies belonging to MTCU to his own use and benefit. As part of his scheme, Cotton created fictitious loans primarily set up for single or annual payments, instead of monthly payments. When a fraudulent loan came due, Cotton initiated another factitious loan and used portions of the new loan to pay off the previous loan.

This case resulted from an investigation conducted by special agents with the Federal Bureau of Investigation. Assistant United States Attorney John Klassen prosecuted this case on behalf of the government.

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